

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 /025 W
-----000726 062313Z /66
R 051925Z AUG 77
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 8323

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E.O. 11652: N/A
TAGS: EFIN CS
SUBJ: CENTRAL BRILLANTE (INTERNATIONAL PLANNING SERVICES)

REF: OPIC APPLICATION 515-77-378

1. EMBASSY REGRETS DELAY IN PROVIDING OUR PRELIMINARY COMMENTS ON THE PROPOSED INVESTMENT IN THE CENTRAL BRILLANTE, S.A. SUGAR MILL FACTORY BUT WE ENCOUNTERED DIFFICULTY IN SECURING INFORMATION LOCALLY ON THIS HPROJECT.

2. ACCORDING TO THE MERCANTILE REGISTRY, CENTRAL BRILLANTE WAS ORGANIZED IN JANUARY 1975 WITH A SUBSCRIBED CAPITAL OF 100,000 COLONES (APPROXIMATELY \$11,700). THIS SUGAR MILL WAS ORIGINALLY PROMOTED BY SIDAR ALI AZIS, AN INDIAN CITIZEN AND AGENT FOR UK SUGAR MILL EQUIPMENT, AS A TURN-KEY PROJECT WITH ARAB FINANCIAL BACKING. HOWEVER, WHEN THE CONTRACT WAS DRAWN UP THE PRICE OF THE

EQUIPMENT HAD INCREASED SUBSTANTIALLY OVER THE INITIAL QUOTATIONS AND THE LOCAL INVESTORS LOST INTEREST. THE PROJECT AS PRESENTED BY AZIS WAS TO HAVE BEEN LOCATED IN GUAPILES ON THE ATLANTIC SLOPE. PRESENT PLANS ARE TO LOCATE THE SUGAR MILL IN SOUTHERN COSTA RICA IN THE COTO BRUS AREA. REPRESENTATIVES OF BACARDI ARE REPORTEDLY INTERESTED IN THE PROJECT AS A SOURCE OF ALCOHOL FOR RUM PRODUCTION. IN ADDITION, CODESA IS STUDYING THE PROJECT AS A SOURCE OF EMPLOYMENT FOR INDIVIDUALS SETTLED IN THE AREA BY THE LAND
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COLONIZATION INSTITUTE (ITCO).

3. GIVEN THE SIZE OF THE INVESTMENT, CENTRAL BRILLANTE WOULD APPEAR TO BE A RELATIVELY SMALL SUGAR MILL. INDUSTRY SOURCES DO NOT REGARD SMALL MILLS AS ECONOMICALLY VIABLE. ALSO, RECENT GOCR POLICY HAS FAVORED LARGER MILLS IN AREAS WHERE THE TERRAIN PERMITS MECHANIZED PRODUCTION PARTIALLY DUE TO INCREASING DIFFICULTIES IN

SECURING MANUAL LABOR TO HARVEST THE SUGAR CANE. THIS POLICY HAS BEEN REFLECTED IN GOCR SUPPORT FOR SUCH RELATIVELY LARGE SUGAR REFINING PROJECTS AS CODESA'S CENTRAL AZUCARERA TEMPISQUE AND BORUCA (SEE SAN JOSE 2822 AND 3160). CONCERNING BACARDI'S INTEREST IN THE MILL AS A SOURCE OF ALCOHOL FOR THE PRODUCTION OF RUM, THIS WOULD NOT BE POSSIBLE WITHOUT A CHANGE IN LEGISLATION. BY EXISTING LAW THE GOCR-OWNED NATIONAL LIQUOR FACTORY IS THE ONLY ENTITY

AUTHORIZED TO PRODUCE ALCOHOL IN COSTA RICA FOR BEVERAGE PURPOSES.

4. IT SHOULD ALSO BE NOTED THAT SUGAR IS A TRADITIONAL COSTA RICAN PRODUCT AND EXPORT. GIVEN THE GOCR'S EMPHASIS ON ENCOURAGING PRIVATE INVESTMENT IN THE DEVELOPMENT OF NON-TRADITIONAL PRODUCTS AND EXPORTS, AND ITS POLICY, THROUGH CODESA, TO TAKE AN INCREASINGLY ACTIVE ROLE IN THE SUGAR INDUSTRY, THE GOCR MIGHT NOT FAVOR US PRIVATE INVESTMENT IN THIS AREA FOR OPIC INSURANCE PURPOSES.

5. ON THE BASIS OF THE INFORMATION PRESENTLY AVAILABLE, WE DO NOT PERCEIVE ANY SIGNIFICANT DEVELOPMENTAL IMPACT, IN TERMS OF NEW TECHNOLOGY, FROM THIS INVESTMENT. IF CODESA BACKS THE PROJECT AS A SOURCE OF EMPLOYMENT FOR ITCO SETTLERS, THERE WOULD, OF COURSE BE SOME SOCIAL BENEFITS.

6. WE PRESUME THAT THIS PROJECT WOULD ALSO HAVE TO BE VIEWED IN THE LIGHT OF THE POLICY IMPLICATIONS OF THE PROVISION IN THE PROPOSED IFI LEGISLATION REQUIRING THE US TO OPPOSE LOANS FOR PALM OIL, LIMITED OFFICIAL USE

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SUGAR, AND CITRUS PROJECTS WHICH WOULD RESULT IN EXPORTS WHICH WOULD CAUSE INJURY TO US PRODUCERS OF COMPETING COMMODITIES. ALSO PERTINENT IS THE EFFECT OF ENCOURAGING US INVESTMENT IN SUGAR-PRODUCING FACILITIES ABROAD IN THE CONTEXT OF US EFFORTS TO SECURE A WORKABLE INTERNATIONAL SUGAR AGREEMENT.

7. ON THE BASIS OF THE INFORMATION PRESENTLY AVAILABLE, THE EMBASSY HAS DOUBTS ABOUT THE ADVISABILITY OF OPIC INSURING THIS PROJECT. WE WOULD BE PLEASED TO COMMENT FURTHER AS MORE DEFINITE INFORMATION ON THE PROJECT BECOMES AVAILABLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, INSURANCE, INVESTMENTS, PROGRAMS (PROJECTS)
Control Number: n/a
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Sent Date: 05-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1697214
Secure: OPEN
Status: NATIVE
Subject: CENTRAL BRILLANTE (INTERNATIONAL PLANNING SERVICES)
TAGS: EFIN, BFOL, CS, OPIC, CENTRAL BRILLANTE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8cee6f61-c288-dd11-92da-001cc4696bcc
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